

American Broadcasting Companies, Inc. Annual Report 1972

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Financial Highlights	1972	1971
Revenues	\$869,449,000	\$756,495,000
Earnings from operations	\$ 35,041,000	\$ 14,940,000
Per share:*		
Primary	\$ 2.06	\$ 1.05
Fully diluted	\$ 2.03	\$.96
Net earnings	\$ 35,637,000	\$ 13,200,000
Per share:*		
Primary	\$ 2.10	\$.93
Fully diluted	\$ 2.07	\$.86
Dividends per share*	\$.60	\$.60
Average common shares and equivalents at end of year:*		
Primary	16,967,000	14,198,000
Fully diluted	17,465,000	16,889,000
Working capital	\$206,534,000	\$176,950,000
Current ratio	2.5	2.3
Long-term debt	\$106,669,000	\$159,729,000
Stockholders' equity per outstanding share*	\$ 15.61	\$ 12.48
Stockholders of record at end of year	14,795	15,065

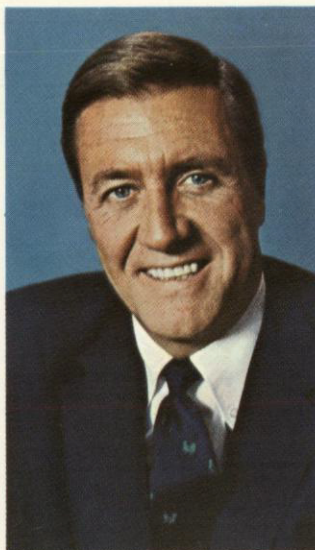
*Adjusted to reflect a two for one stock split to be distributed to stockholders of record at February 26, 1973.

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Leonard H. Goldenison



Elton H. Rule

Letter to Shareholders

1972 was the most successful year in the history of your Company. Revenues and operating earnings reached record levels for each quarter and for the year.

Revenues for 1972 rose to \$869,449,000, an increase of 15% over the \$756,495,000 for 1971. Net operating earnings for 1972 of \$35,041,000 were more than double the \$14,940,000 of the prior year. On a per share basis, after adjustment for a two-for-one common stock split in February, 1973, primary operating earnings per share for 1972 were \$2.06, based on the 16,967,000 average number of shares outstanding, compared with \$1.05, based on the 14,198,000 average number of shares outstanding in 1971. Looking ahead, we are confident that 1973 will be a year of continued progress with increased revenues and earnings.

The television network reported record revenues and operated on a profitable basis after a decade of losses. The network's excellent performance, in which it recorded its best overall audience levels, was principally responsible for the substantial increase in operating earnings for the Company.

Our five owned television stations achieved increased revenues and earnings and improved their already strong competitive positions. Their local news programs met with wide public acceptance and the stations' other local programming also continued to be responsive to community needs.

The radio network reported substantially greater revenues and operated profitably for the first time in many years. The innovative four ABC radio network program services comprise the nation's most successful radio network operation.

The Company's seven owned AM radio stations are the most listened to group of radio stations in the country. In 1972, they maintained record revenues and a high level of earnings.

Our seven owned FM radio stations again reported increased revenues and audiences. Although they are still not operating on a profitable basis, we feel the future of FM radio broadcasting is most promising.

ABC News enjoyed record levels of audience acceptance during 1972. The television network evening news program with Howard K. Smith and Harry Reasoner achieved a 50% increase in audience over the past two years resulting in a substantial increase in advertising support. Throughout the year, the news division provided network radio and television audiences with comprehensive and balanced coverage of the 1972 election and major news events at home and abroad.

Theatre revenues and earnings were ahead of those of the previous year. Business reflected the greater availability of strong box-office attractions during the first half than in the second half of the year.

As reported last year, we drastically curtailed our theatrical motion picture production business. A substantial loss was incurred, although less than that of 1971, principally due to the disappointing performance levels of prior years' inventory. Future operating results for the Company will benefit from the curtailment of this business.

Results for our record division were disappointing and earnings were substantially off from 1971 levels. We are concentrating our efforts to strengthen our position in this area.

Our two Florida scenic and wildlife attractions, Silver Springs and Weeki Wachee Spring, reported increased revenues and earnings. We are devoting increased attention to these types of attractions which we feel hold great promise and fit well in our leisure time business.

Our three long-established midwest farm publications also reported improved results for the year.

For the information of our shareholders, revenues and earnings by the Company's lines of business for the past five years are shown on page 31.

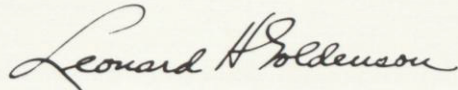
Our financial position at year end was the strongest in the Company's history. Long-term debt was reduced from \$160 million to \$107 million, stockholders' equity increased from \$178 million to \$264 million and working capital increased by \$30 million to \$207 million.

As recently reported, the first 1973 quarterly dividend was increased to 32¢ from 30¢ a share, based on the shares outstanding prior to the two-for-one stock split. Starting with the second quarter, our Board of Directors intends to declare quarterly dividends at the rate of 16¢ a share, based on the shares outstanding after the stock split.

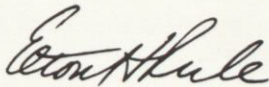
We feel that the Company's progress continues to reflect a strong and vigorous management at every level. Greater emphasis has been placed on the employment, training and advancement of minorities and women.

We appreciate the devotion and service of all of our employees as well as our Board of Directors whose contributions helped to make 1972 a year of outstanding progress and achievement.

Sincerely,



Chairman of the Board



President

March 12, 1973



ABC News coverage of Election Night, anchored by Correspondents Howard K. Smith and Harry Reasoner, provided viewers with accurate and immediate election results and voting trends from the Presidential contest as well as Senate, House and Gubernatorial races.

ABC News

ABC News achieved great advances in 1972.

The "ABC Evening News With Howard K. Smith and Harry Reasoner" continued to make great strides. In the past two years, its audience has increased by a record 50%, which has been reflected in a substantial increase in advertising support. In 1972, for the first time, all of the ABC television network's primary affiliates carried the program.

Throughout the year, ABC News brought to its national television and radio audiences the unfolding story of the Presidential election, from primaries, through conventions and campaigns, to results on Election Night; the historic visits of the President to the People's Republic of China and the Soviet Union; the lunar explorations of Apollo 16 and 17; the tragic disruption of the Summer Olympics; and the lengthy and involved diplomatic negotiations that finally brought a cease-fire in Vietnam.

Harry Reasoner and other ABC correspondents accompanied President Nixon on his trip to the People's Republic of China and provided American audiences with their first extended views of China today. Howard K. Smith performed similar duties during President Nixon's journey to the Soviet Union.

The ABC News radio and television program "Issues and Answers" continued to feature an impressive roster of news-making guests and, during the campaign year, interviewed most of the country's leading political figures.

In February, 1973, ABC News inaugurated a new magazine-format Saturday program, "The Reasoner Report." The new 30-minute series offers investigative reports, feature stories and essays.

In the documentary area, ABC News began a series of topical programs in 1972 under the title of "ABC News Inquiry," examining such problems as strip mining, population control, ocean pollution, the Marxist regime in Chile and the problems facing black servicemen. In addition, it again presented the popular and highly acclaimed "Undersea World of Jacques Cousteau" series, as well as a variety of other scientific and cultural documentaries.

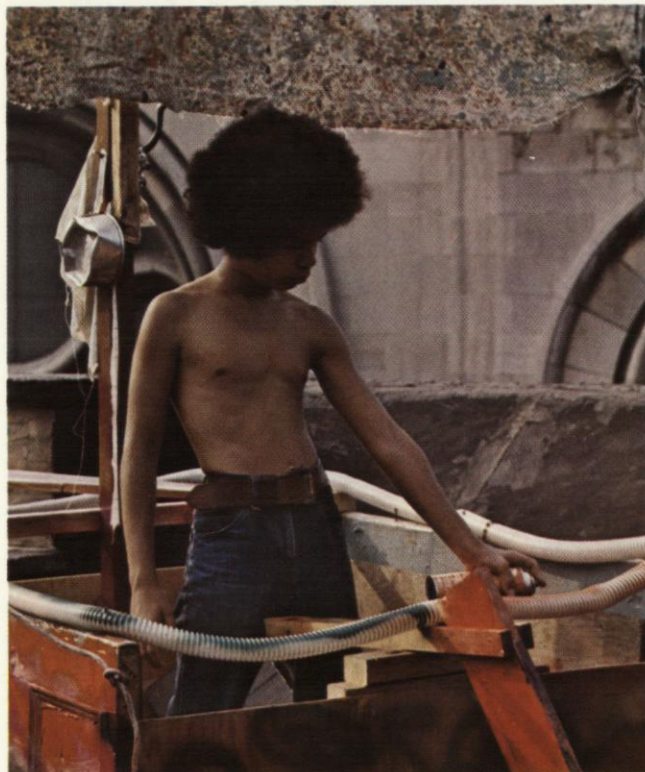
The innovative weekly children's program "Make A Wish" won a prestigious Peabody Award in its first season for a "creative mix of animation, film, graphics, words and music that challenges children to stimulate their imagination."

The religious-cultural television series, "Directions," took its cameras overseas to bring viewers the opinions and thoughts of leading British and European religious authorities and observers. In early 1973, a special "Directions" series was begun on the religions of Asia.

ABC Radio News, maintaining its position as the nation's largest radio network news service, provided the affiliated stations of the four ABC radio network program services with 103 news programs a day.



The historic moment of President Nixon's arrival in Peking and much of ABC News' subsequent coverage of the President's China trip were presented live via satellite to millions of American viewers.



The long-running series "General Hospital" continues as the ABC Television Network's most popular daytime program.

"Santiago's Ark," which told the story of a Puerto Rican boy in New York's Spanish Harlem, was one of the highly acclaimed and honored presentations of "The ABC Afterschool Special" series.

"Owen Marshall, Counselor at Law," starring Arthur Hill, is in its second season as one of the television network's most popular prime time series.



ABC Television Network

The ABC Television Network experienced the most successful year in its history with record sales and earnings and the greatest acceptance for its overall program schedule by audiences, advertisers and affiliated stations.

In prime-time, the network maintained a very strong competitive position in total audience levels as well as among younger adults, the key audience group for most advertisers. Among regular weekly series, "Marcus Welby, M.D." remained one of the top attractions in American television, while other long-running series such as "The FBI," "The Partridge Family" and "Owen Marshall, Counselor at Law" continued to attract large audiences. New popular series added to the schedule this past fall included "The Rookies," "Streets of San Francisco" and "The Julie Andrews Hour."

Movies on television continued to perform very well. "Movie of the Week," on both Tuesdays and Wednesdays, presented provocative and original dramas and comedies. "The ABC Sunday Night Movie" established all-time audience highs with the showings of "Love Story," "True Grit" and "Patton," the three most-viewed movies ever shown on national television. The 1972-73 motion picture schedule also included such major films as "Lawrence of Arabia," "The Ten Commandments" and "Goldfinger."

Adding further dimension to the prime-time schedule in 1973 are a number of quality specials, among them Eugene O'Neill's "Long Day's Journey Into Night," starring Laurence Olivier, and a dramatization of Edward Everett Hale's classic story, "The Man Without A Country," starring Cliff Robertson. "The ABC Theatre," a series of original 90-minute dramas, was launched in December with a highly acclaimed presentation, "If You Give A Dance, You Gotta Pay The Band."

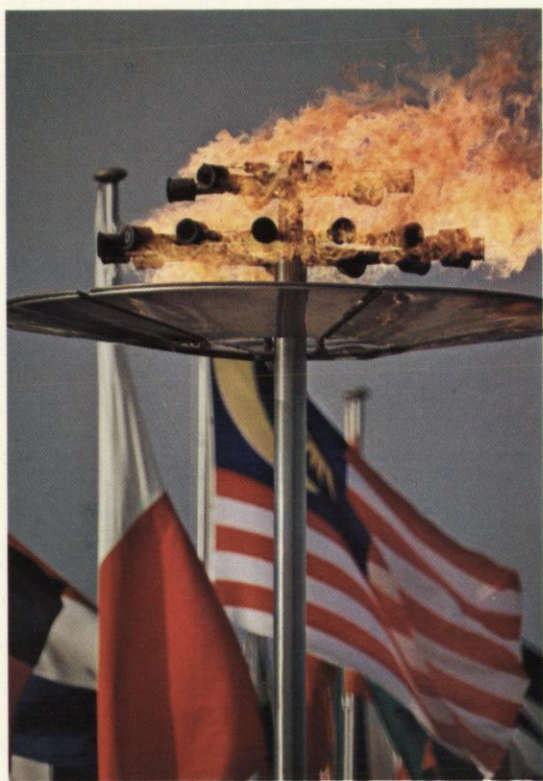
Continuing to demonstrate creative leadership in children's programming, the network introduced "The ABC Afterschool Special" in the fall of 1972. Telecast on the first Wednesday of every month, this series has received wide critical acclaim and a number of distinguished awards. ABC's initiative in this area continues in 1973 with the addition of "Multiplication Rock," a series of short, instructional programs set to a contemporary music background and telecast throughout the weekend children's schedule. In the fall of 1972, the network also introduced four new children's series in its Saturday morning schedule. On Sunday morning, "Curiosity Shop" and "Make A Wish" continue to bring enlightening entertainment to young viewers.

The network's Monday-through-Friday daytime programming was an outstanding success in 1972. By the fall, it achieved the leading position in total audience and in reaching the key audience segment of women 18 to 49. Contributing to ABC's steady improvement over the past several years have been the successful launchings of two serial dramas, "One Life To Live" and "All My Children," and a new game show, "Split Second."

An innovative concept in late night programming, "ABC Wide World of Entertainment," was initiated in January, 1973. This 90-minute format includes "Jack Paar Tonight," "The Dick Cavett Show" and original dramatic, comedy and musical-variety programs, rotating in full week cycles each month.



The network presentation of "Love Story" attracted the largest viewing audience in television history for a feature film.



The Olympic Flame is the symbol of the international athletic competition.

ABC Sports' coverage of the Summer Olympics began with the Opening Ceremonies, highlighted by the entrance of the United States team.

American swimmer Mark Spitz won seven gold medals as millions watched ABC Sports' 64 hours of Olympics telecasts.

Olga Korbut, the petite Soviet gymnast, became a favorite of many viewers.

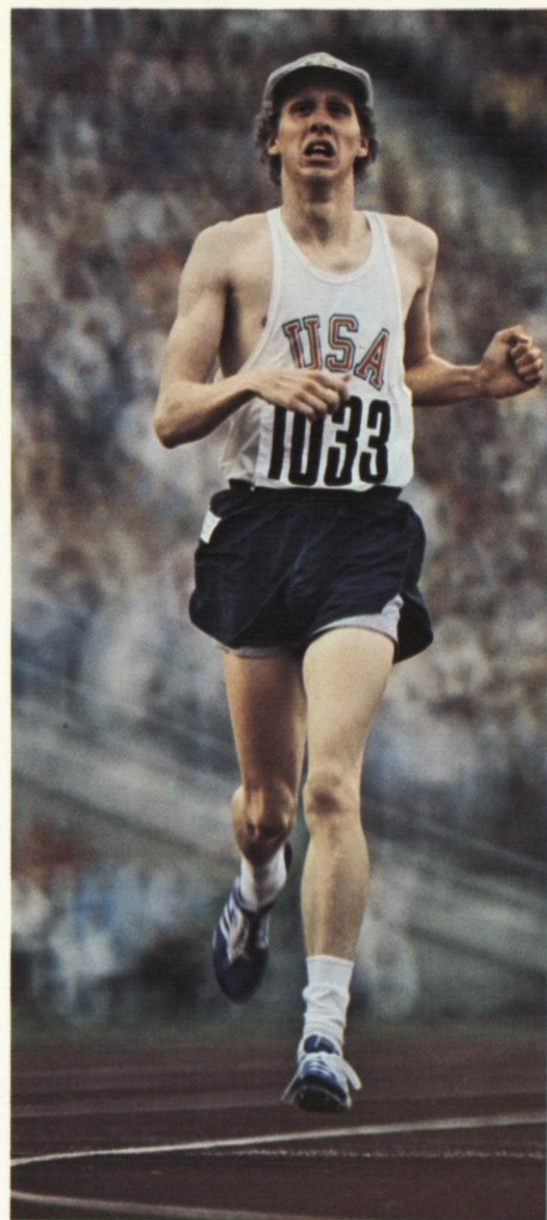


ABC Sports

ABC Sports' leadership position in sports broadcasting was exemplified in 1972 by its extraordinary coverage of the Summer Olympics from Munich. Enjoying outstanding critical acclaim, the Olympics coverage was viewed by more than 150 million people, achieving the largest total audience ever for a presentation on a single network. The massive undertaking involved more than 250 production and technical personnel and spanned 64 hours, most of it in prime-time. ABC received unprecedented honors from both affiliates and advertisers, as well as a commendation from President Nixon and a citation in the Congressional Record. ABC Sports also has acquired the exclusive United States television rights for the 1976 Summer Olympics to be held in Montreal, Canada.

In other activities, ABC Sports continued its recognized pre-eminence. NFL Monday Night Football, in its third year on ABC, and NCAA Football, in its seventh year, continued their great popularity. Both series again will be telecast in 1973, maintaining ABC's position as the only network carrying both college and professional football. Also covered were a number of major bowl games. "ABC's Wide World of Sports," television's most distinguished sports showcase, reached record audiences in its eleventh year. Professional Bowlers Tour, NBA Basketball and major golf tournaments, including the United States Open, British Open and PGA Championship, all achieved record audience levels. The Indianapolis "500," the world's most important automobile race, was televised in prime-time for the second consecutive year. "The American Sportsman," the highly popular hunting and fishing program, continued to attract high audience levels.

In 1972, ABC Sports presented a record 451 hours of sports programming.



Among many track and field events covered by ABC Sports was Dave Wottle's victory in the 800 meter race.



Jerry Jensen (left) and Van Amberg of KGO-TV's "News Scene," the leading local television news program in San Francisco.

ABC Owned Television Stations

The five ABC Owned Television Stations, a strong and stable contributor to the Company's overall performance, enjoyed a year of vigorous growth in revenues and earnings in 1972. These stations, located in five of the seven top markets of the country, improved their already strong competitive positions and continued to be highly responsive to the needs of their respective communities.

The stations have made a major commitment to local news and have developed an excellent record of performance and leadership.

The stations have continued to place strong emphasis on local programming serving the many needs of their diverse audiences. As an example, "I Am Somebody," a KABC-TV bi-weekly public affairs show, was honored by both the City of Los Angeles and the State Legislature for presenting issues of vital importance to the black community.

The stations' approach to public affairs programming also has been directed to create public awareness of and viewer involvement in matters of local importance. One example was "Willowbrook: The Last Great Tragedy," produced by WABC-TV in New York, which exposed the substandard conditions at a state institution for the mentally retarded. This program received many awards and stimulated strong public response for remedial action.

The year 1972 saw a new impetus in innovative children's programming. KGO-TV's "Wee Pals On the Go," in San Francisco, WXYZ-TV's "Super Circus," in Detroit and WLS-TV's "INK" (Interesting News for Kids) in Chicago, are three examples of weekly series of children's shows which have received critical acclaim and attracted growing audiences. WABC-TV introduced "Come Along," a fresh approach to teaching American history to children through the re-creation of historical characters.

Programming aimed at achieving a high level of audience involvement begins early each day on the five ABC stations with popular local shows emphasizing news, features, entertainment and interesting guests.

The stations continued their community dialogue with their policy of editorializing on important and timely subjects of local concern and of airing all pertinent rebuttals. Their focus on audience involvement through local news, public affairs, entertainment and children's programming produced an outstanding year for the stations and this aggressive and innovative approach to local television broadcasting is continuing.

ABC International

ABC International operated satisfactorily during the year. It is actively involved as programming consultant and/or sales representative to foreign television stations located in some twenty countries in the Western Hemisphere and the Far East. Minority interests are held in a number of foreign broadcasting companies.

ABC Films

As a result of the FCC ruling prohibiting the three television network companies from engaging in the business of program syndication after June 1, 1973, an agreement in principle has been reached to sell ABC Films, the Company's television program distribution subsidiary.



"INK" (Interesting News for Kids) on WLS-TV, with host 'Susan Mary Beth Streetnoise' and a puppet cast, is one of the new, innovative children's series telecast by ABC's Owned Television Stations.



Correspondents for all four of the ABC Radio Network's program services covered both the Republican and Democratic Conventions and other key events of the 1972 Presidential Election Year.

ABC Radio Network

The ABC Radio Network, which furnishes four distinctive national news and public affairs services, reported a substantial increase in revenues over 1971 and operated profitably for the first time in many years. The four services are: the American Contemporary Radio Network, the American Information Radio Network, the American Entertainment Radio Network and the American FM Radio Network.

Since the inception of these programming services in 1968, there has been steady growth in affiliated stations, audiences and sales. Their ability to reach specific target audiences and to attract new advertisers to the medium has contributed importantly to the substantial success they have achieved.

These services complement the news programming of affiliated stations and provide comprehensive coverage which these stations cannot provide for themselves.

As the major supplier of network programming, ABC Radio News provided 103 regular news broadcasts a day to affiliated stations. In addition, the ABC Radio News organization provided live coverage of the year's major news events. "Newswatch," a special overnight news protection service which alerts affiliated stations to significant news stories that may occur at any time during the night, played an important role throughout 1972 in helping affiliates be first on the air with important news.

In addition to news, the network program services offer sports, religious, educational and public affairs features. Last year, ABC Radio News inaugurated "Community Newsfeed," a weekly series in response to the need for more effective attention to the interests of minority groups. The success of this series is reflected in its expansion from one to three programs a week. Other new public affairs programs were developed which reflect the concern of our times. "Rap Session," a program featuring discussion by young people to air their feelings and problems, is supplied to Contemporary Network stations. "Consumer Line," an instructional program produced in cooperation with the Council of Better Business, offers information on buying in today's market and is fed to Entertainment Network affiliates. Altogether, the network program services offer more than twenty-two public affairs programs which cover a wide range of subjects of public concern.

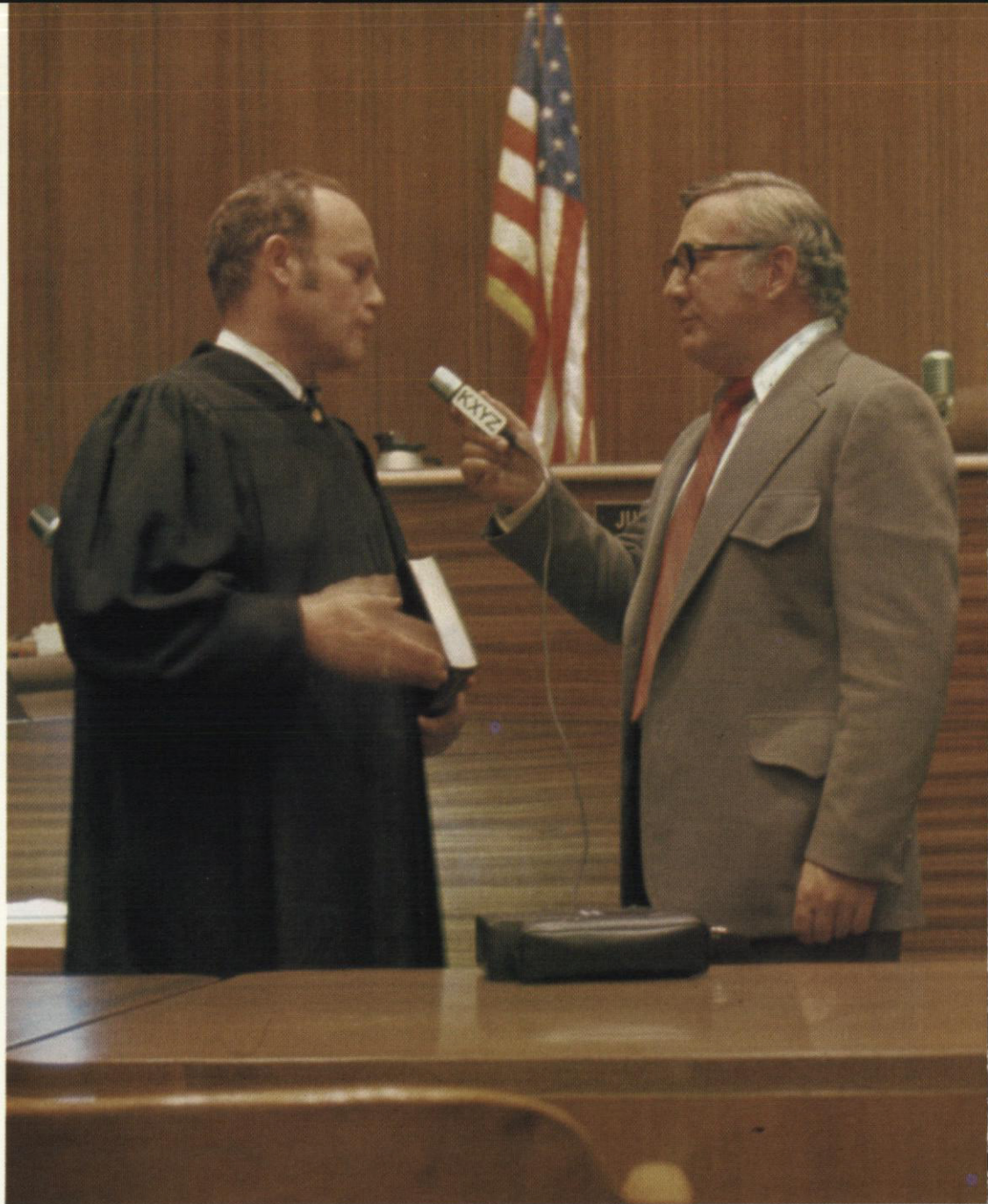


The ABC Radio Network provided its affiliates with authoritative coverage of both the Apollo 16 and 17 missions in 1972.



A public service campaign of personal appearances by WABC Radio personalities in New York resulted in registration by more than 3,000 voters in a single day.

KXYZ News Director Jerry Smith with Judge Lee Duggan in 182nd District Court Room in Houston. Judge Duggan appeared on KXYZ's "Law and Order" program series which won the 1972 Silver Gavel Award from the American Bar Association.



ABC Owned Radio Stations

THE SEVEN AM STATIONS, the most listened to group of radio stations in the country, maintained record revenues and a high level of earnings.

The stations are located in seven of the top thirteen markets and each has developed its own unique personality. WABC, New York, the most listened to station in North America, and WLS, Chicago, a leading station in the midwest, feature contemporary music. KABC, Los Angeles and KGO, San Francisco are leading news and conversation stations in their markets. KQV, Pittsburgh and WXYZ, Detroit, featuring contemporary music with standard hit tunes, and KXYZ, Houston, a leading "beautiful music" station, all have experienced continued audience growth.

For service to their communities, many of these stations have received broadcasting honors and public recognition. Awards for excellence in broadcast journalism were presented by state chapters of Associated Press Broadcasters Association to WABC, New York for the "Best Regularly Scheduled News Program," and to KABC, Los Angeles, for its editorial series supporting conversion of the Camp Pendleton Marine Base Beach to civilian use upon its transfer to the State of California by the United States Government. KXYZ, Houston received the 1972 "Silver Gavel Award" from The American Bar Association for its program series on law and order. For its contributions toward improving public education, KGO, San Francisco was commended by the California State Allocation Board.

Supplementing their entertainment, news, public affairs and public service programming, all seven stations editorialize regularly on pertinent and important issues.

THE SEVEN FM STATIONS made substantial gains in both audience and revenues in 1972, although they still did not operate profitably. The increase in national sales also reflected the effectiveness of ABC-FM Spot Sales, the Company's national FM sales representative firm which also served twenty-one non-owned stations at year end. The future of FM radio broadcasting is most promising and these stations are expected to become more viable as they share in the growth of this expanding medium.

In 1972, audiences for the seven stations as a group increased substantially over the prior year with WDVE, Pittsburgh, WRIF, Detroit, KAUM, Houston and KLOS, Los Angeles being among the top three radio stations in total audience from 7:00 PM to midnight in their respective markets.

Each station continued to expand its news, public affairs and community editorial activities. The stations also reflected the needs of their communities through telephone talk and discussion programs and editorial campaigns.



In 1972, KSFX, San Francisco, began broadcasting from new studios.

Program Director Tom Yates in KLOS, Los Angeles' studios with afternoon disc jockey J.J. Jackson.



The ABC Entertainment Center in Century City, Los Angeles, is a unique facility including two ABC motion picture theatres, a legitimate theatre, offices and a wide variety of dining and retail establishments.

The new River Oaks 2 Theatre opened in 1972 in Calumet City, Illinois, a suburb of Chicago.

The Four Tops had two hit single recordings and a top selling album in their first year with ABC Records.



ABC Theatres

Theatre revenues and earnings were ahead of those of the previous year. Business reflected the greater availability of strong box-office attractions during the first half than in the second half of the year.

Efforts continued to improve our theatre portfolio. In considering new acquisitions, emphasis has been placed on twin auditorium theatres either from inception or by the addition of auditoriums to existing successful theatres. During the year, twenty-seven theatres were added and forty-one were divested so that the Company, through subsidiaries, had interests in 417 theatres at year end.

ABC Pictures

As reported last year, theatrical motion picture production was drastically curtailed. A substantial loss was incurred, although less than that in 1971, principally reflecting disappointing performance levels of prior years' inventory. Future operating results of the Company will benefit from the curtailment of this business.

ABC Records

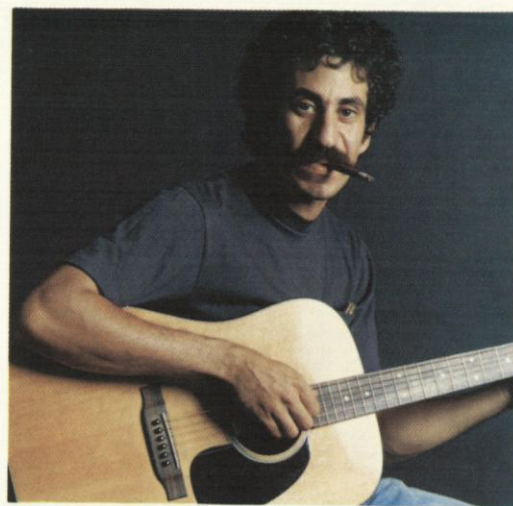
Results for the phonograph record division were disappointing. Earnings were substantially off from the prior year's level.

A great deal of effort has been made to strengthen the production company. ABC Records is concentrating on developing new talent for rhythm and blues product and opened a creative office in Atlanta. Further broadening its creative base, the Company entered the country and western music field. An office was opened in Nashville, the center of that music business, and Lefty Frizzell and Ferlin Husky, two veteran country music stars, were signed. The small but highly successful Cartwheel Records was also acquired, which brought to ABC Records a new country music star, Billy "Crash" Craddock.

Best-selling record charts included new ABC artists Jim Croce, Cashman & West, the Four Tops, Kracker, Gladstone and Steely Dan. Recordings by such established ABC artists as Three Dog Night, B. B. King, Ray Charles and The Grass Roots again reached top positions on the popularity charts. In early 1973, English pop singing star Dusty Springfield was signed by ABC Records.

In the classical music field, the highlight of the year was the recording of the opera "Tales of Hoffman," featuring a brilliant performance by Beverly Sills, which received instant public acceptance.

ABC Record and Tape Sales Corp., the rack jobbing subsidiary servicing retail outlets nationally, concentrated on expanding its sales base with more national and regional accounts. Further consolidation of management operations and centralization of accounting functions were accomplished. During the year, new product lines were added as a natural adjunct to its national distribution organization.

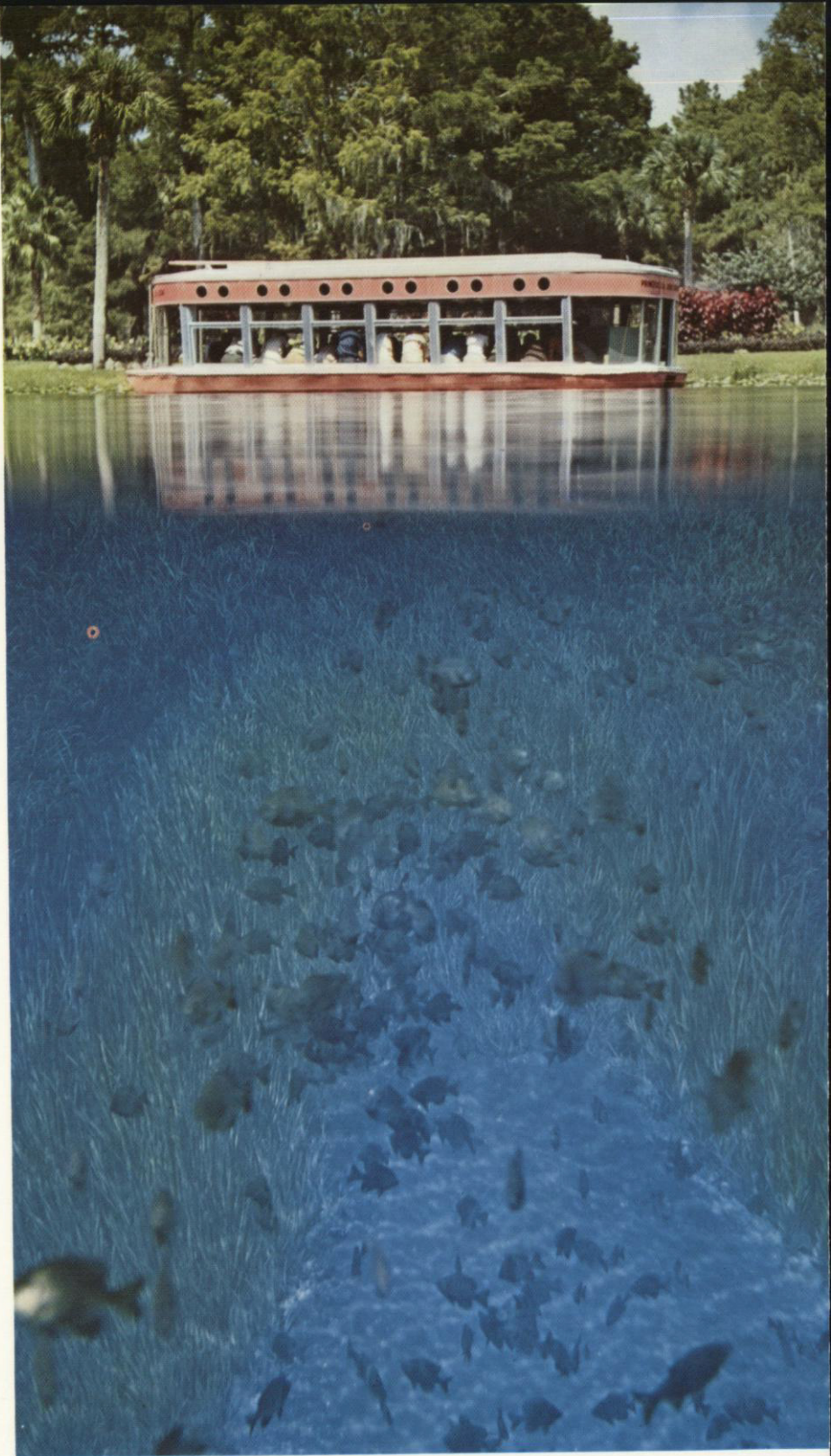


Singer Jim Croce and the rock band "Steely Dan" are two of ABC Records' newest stars with records reaching top positions on the popularity charts in 1972.



Visitors gather in Weeki Wachee Spring's underwater theatre, sixteen feet below the surface, to watch the graceful aquatic performances of the attraction's famed "mermaids."

In a glass-bottom boat at Silver Springs, visitors are given a unique look at the extraordinary beauty and variety of life beneath the water's surface.



ABC Scenic and Wildlife Attractions

The Company's two Florida scenic and wildlife attraction centers are Silver Springs near Ocala and Weeki Wachee Spring north of St. Petersburg. During the year, they were established as a separate operating unit under new and experienced management. Reflecting the tourist boom in Central Florida, both parks realized a substantial increase in revenues, earnings and attendance.

Silver Springs, a 3500 acre land and water preserve, is famous for its glass-bottom boat rides providing extraordinary views of nature's underwater world. It also offers numerous entertaining and educational activities and exhibits, including jungle boat cruises, Ross Allen's Reptile Institute, and animals, fish and birds in great abundance and variety. Its world-renowned natural springs have for many years made it a desirable location for underwater motion picture and television production. The Company has authorized a five million dollar appropriation for extensive improvements over a four year period in order to further enhance the beauty and appeal of this park.

Weeki Wachee, "Spring of the Mermaids," is one of the country's most unique scenic attractions. The main feature is its unusual underwater programs performed by talented swimmers in a clear spring. An auditorium accommodates 500 people who can view these shows seated sixteen feet below the water's surface. The natural beauty of this 570 acre center is also evident to visitors who take jungle cruises down the Weeki Wachee River. Plans are being considered to further improve this park. Our adjacent Holiday Inn has recently been enlarged to nearly double its former capacity in order to accommodate the increasing number of visitors.

Farm Publications

The Company's three farm publications, each having served its farm family constituency for longer than 100 years, reported increased revenues and earnings. *Prairie Farmer*, *Wallaces Farmer* and *Wisconsin Agriculturist* ranked first, second and sixth in advertising lineage among all U.S. farm magazines in 1972.

1972 also marked the twentieth year of the Farm Progress Show, one of the world's greatest outdoor field expositions. This three-day event, sponsored by the farm publications, attracted more than 300,000 people.

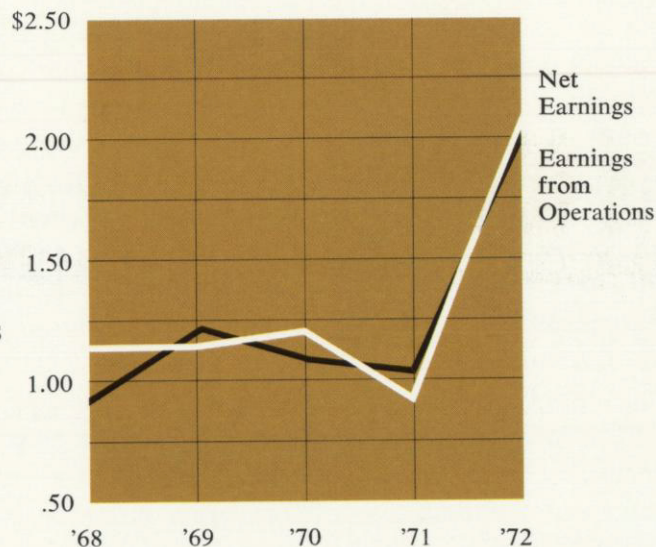


A wide array of nature's colorful and fascinating creatures can be found at ABC's Scenic and Wildlife Attractions.

**Primary Earnings
Per Share:**

Earnings from operations of \$2.06 per share on a primary basis were the highest in the history of the Company and represented an increase of 96% over the \$1.05 earned in 1971. Net earnings were \$2.10 per share compared with \$.93 for the previous year. Fully diluted earnings per share from operations were \$2.03 versus \$.96 for 1971. Net earnings on a fully diluted basis were \$2.07 per share for 1972 and \$.86 for 1971.

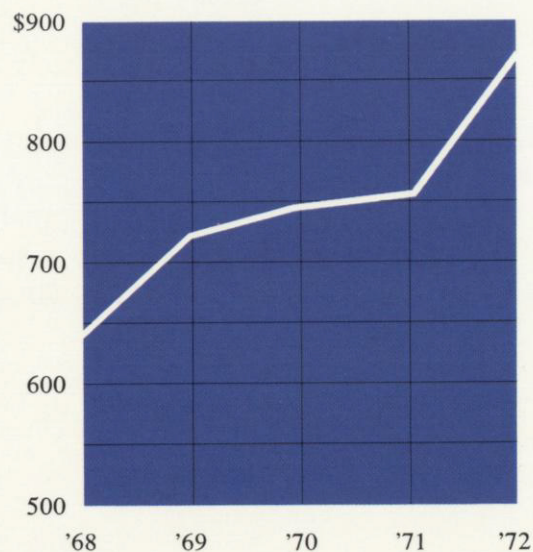
Primary Earnings Per Share In dollars



Revenues:

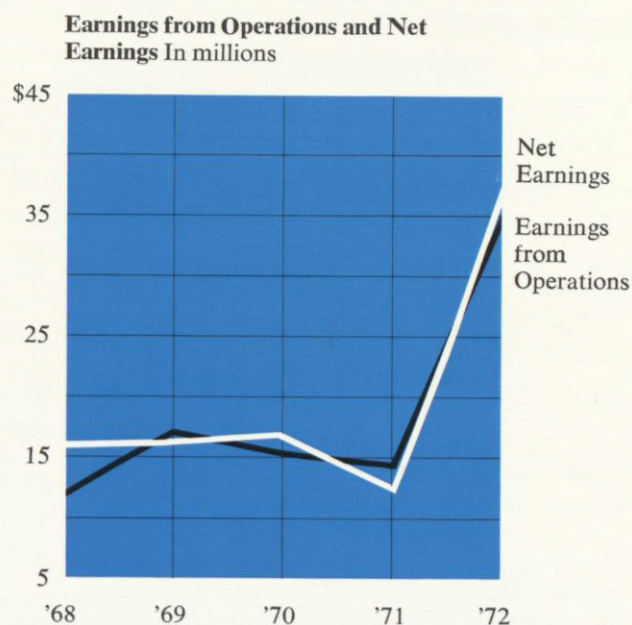
Revenues were at a record level of \$869,449,000, up 15% over 1971. The increase reflected improvement in broadcasting, particularly from the television network.

Revenues In millions



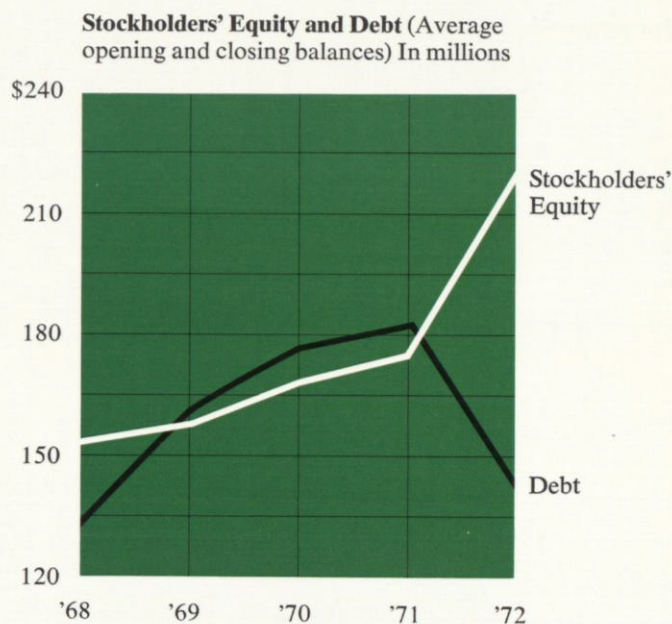
Earnings from Operations and Net Earnings:

Earnings from operations of \$35,041,000 and net earnings of \$35,637,000 for 1972 increased by 135% and 170%, respectively, as the result of increased earnings from broadcasting and moderate increases from theatres and publishing.



Stockholders' Equity:

Stockholders' equity was \$264,491,000, or \$15.61 per share, at December 30, 1972, compared with \$177,515,000, or \$12.48 per share at January 1, 1972. The increase consisted principally of capital arising from the conversion of the Company's 5% convertible subordinated debentures, profits retained from operations and proceeds from exercise of employees' stock options.



Long-Term Debt:

Long-term debt was reduced from \$159,729,000 to \$106,669,000. The 5% convertible subordinated debentures referred to above, in the amount of \$49,969,000, were called for redemption in April. Long-term borrowings amounted to \$49,372,000 and reductions of long-term borrowings amounted to \$52,705,000.

Per share amounts indicated herein have been adjusted to give effect to the two for one stock split to be distributed to stockholders of record at February 26, 1973.

Consolidated Balance Sheets

Assets		December 30, 1972	January 1, 1972
Current Assets:			
	Cash	\$ 27,142,000	\$ 26,869,000
	Marketable securities, at cost (approximate market)	55,334,000	21,803,000
	Receivables, less allowance for doubtful accounts of \$4,249,000 in 1972 and \$3,456,000 in 1971	119,657,000	113,733,000
	Television and theatrical motion picture rights, production costs and advances, less amortization (Notes A, B and I)	115,974,000	126,037,000
	Inventory of merchandise and supplies, at cost or less	18,795,000	16,315,000
	Prepaid expenses (Note A)	10,833,000	6,901,000
	Total current assets	<u>347,735,000</u>	<u>311,658,000</u>
Investments , less reserve of \$3,222,000 in 1972 and \$3,868,000 in 1971 (Notes A and C)		<u>7,528,000</u>	<u>6,541,000</u>
Property and Equipment , at cost (Notes A and B):			
	Land	28,447,000	29,751,000
	Buildings	71,592,000	71,424,000
	Operating equipment	84,727,000	77,054,000
	Leasehold and leasehold improvements	53,569,000	43,489,000
		<u>238,335,000</u>	<u>221,718,000</u>
	Less—accumulated depreciation and amortization	86,480,000	74,793,000
	Property and equipment—net	<u>151,855,000</u>	<u>146,925,000</u>
Other Assets:			
	Intangibles, at cost (Note A)	22,859,000	22,859,000
	Deferred charges	2,550,000	2,249,000
	Other	4,504,000	5,844,000
	Total other assets	<u>29,913,000</u>	<u>30,952,000</u>
Total Assets		<u>\$537,031,000</u>	<u>\$496,076,000</u>

See accompanying notes to consolidated financial statements.

American Broadcasting Companies, Inc. and Subsidiaries

Liabilities and Stockholders' Equity		December 30, 1972	January 1, 1972
Current Liabilities:	Accounts payable and accrued expenses	\$113,261,000	\$105,878,000
	Federal income taxes (Note A)	25,902,000	13,358,000
	Loans payable within one year (Note B)	2,038,000	15,472,000
	Total current liabilities	<u>141,201,000</u>	<u>134,708,000</u>
Long-Term Liabilities:	5% convertible subordinated debentures (Note B)	—	49,969,000
	Loans payable (Note B)	106,669,000	109,760,000
	Other (Note A)	19,084,000	18,632,000
	Total long-term liabilities	<u>125,753,000</u>	<u>178,361,000</u>
Deferred Income		<u>5,586,000</u>	<u>5,492,000</u>
	Total liabilities	<u>272,540,000</u>	<u>318,561,000</u>
Stockholders' Equity (Notes C and D):	Common stock, par value \$1 per share, authorized 30,000,000 shares	17,443,000	7,367,000
	Capital in excess of par value	117,871,000	67,372,000
	Retained earnings	136,140,000	110,256,000
		<u>271,454,000</u>	<u>184,995,000</u>
	Less—common stock held in treasury, at cost	<u>6,963,000</u>	<u>7,480,000</u>
	Total stockholders' equity	<u>264,491,000</u>	<u>177,515,000</u>
Commitments and Contingent Liabilities (Note I).			
Total Liabilities and Stockholders' Equity		<u>\$537,031,000</u>	<u>\$496,076,000</u>

American Broadcasting Companies, Inc. and Subsidiaries

Statements of Consolidated Earnings		1972	1971
Revenues:	Broadcasting	\$637,349,000	\$528,020,000
	Theatres	105,916,000	95,887,000
	Records	82,501,000	87,345,000
	Motion Pictures	14,619,000	13,320,000
	Publishing and Other	29,064,000	31,923,000
	Total revenues	<u>869,449,000</u>	<u>756,495,000</u>
Expenses:	Operating expenses and cost of sales	638,437,000	587,996,000
	Selling, general and administrative	134,932,000	111,831,000
	Depreciation and amortization of property and equipment (Note A)	15,124,000	16,044,000
	Interest	6,344,000	9,028,000
	Total expenses	<u>794,837,000</u>	<u>724,899,000</u>
Earnings from Operations Before Income Taxes and Extraordinary Items		<u>74,612,000</u>	<u>31,596,000</u>
Provisions for Income Taxes			
(Notes A and E):	Federal	32,509,000	13,700,000
	State, foreign and local	7,062,000	2,956,000
	Total provisions for income taxes	<u>39,571,000</u>	<u>16,656,000</u>
Earnings from Operations Before Extraordinary Items		<u>35,041,000</u>	<u>14,940,000</u>
Extraordinary Gains (Losses), net of applicable Federal income tax (Note G)		<u>596,000</u>	<u>(1,740,000)</u>
Net Earnings for the Year		<u>\$ 35,637,000</u>	<u>\$ 13,200,000</u>
Primary Earnings Per Share			
(Note H):*	From operations before extraordinary items	\$ 2.06	\$ 1.05
	Extraordinary gains (losses)	.04	(.12)
	Net earnings for the year	<u>\$ 2.10</u>	<u>\$.93</u>
Fully Diluted Earnings Per Share (Note H):*			
	From operations before extraordinary items	\$ 2.03	\$.96
	Extraordinary gains (losses)	.04	(.10)
	Net earnings for the year	<u>\$ 2.07</u>	<u>\$.86</u>

Statements of Consolidated Retained Earnings		1972	1971
	Balance at beginning of year	\$110,256,000	\$105,575,000
	Net earnings for the year	35,637,000	13,200,000
		<u>145,893,000</u>	<u>118,775,000</u>
	Deduct dividends on common stock— (\$.60 per share in 1972 and 1971)*	9,753,000	8,519,000
	Balance at end of year (Note D)	<u>\$136,140,000</u>	<u>\$110,256,000</u>

*Adjusted for the 2 for 1 stock split of February 1973.

See accompanying notes to consolidated financial statements.

American Broadcasting Companies, Inc. and Subsidiaries
Statements of Changes in Consolidated Financial Position
1972
1971
**Working Capital Provided
From:**
Operations:

Earnings before extraordinary items	\$ 35,041,000	\$ 14,940,000
Add expenses not requiring working capital:		
Depreciation and amortization	15,124,000	16,044,000
Provision for long-term deferred income tax	1,066,000	1,438,000
Less other income-net, not providing working capital	(117,000)	—
	<u>51,114,000</u>	<u>32,422,000</u>
Extraordinary gains (losses)	596,000	(1,740,000)
Add items not requiring working capital	185,000	387,000
	<u>781,000</u>	<u>(1,353,000)</u>
Working capital provided from operations	51,895,000	31,069,000
Long-term borrowings	49,372,000	9,564,000
Issuance of warrants and options	3,628,000	—
Issuance of stock on conversion of debentures	49,020,000	—
Sale of investments	461,000	71,000
Disposals of property and equipment	4,184,000	5,069,000
Sale of stock under option agreements	7,927,000	834,000
	<u>166,487,000</u>	<u>46,607,000</u>

Working Capital Used For:

Payment of cash dividends	9,753,000	8,519,000
Conversion of debentures	49,969,000	—
Purchases of property and equipment	24,311,000	22,159,000
Reduction of long-term loans payable	52,705,000	27,225,000
Other—net	165,000	(21,000)
	<u>136,903,000</u>	<u>57,882,000</u>

Increase (decrease) in working capital
\$ 29,584,000 \$ (11,275,000)
**Changes in Components
of Working Capital:**

Cash and marketable securities	\$ 33,804,000	\$ 5,544,000
Receivables, less allowance for doubtful accounts	5,924,000	5,630,000
Television and theatrical motion picture rights, production costs and advances, less amortization	(10,063,000)	(1,911,000)
Inventory of merchandise and supplies	2,480,000	2,979,000
Prepaid expenses	3,932,000	4,390,000
Accounts payable and accrued expenses	(7,383,000)	(14,050,000)
Federal income taxes	(12,544,000)	(8,480,000)
Loans payable within one year	13,434,000	(5,377,000)
Increase (decrease) in working capital	<u>\$ 29,584,000</u>	<u>\$ (11,275,000)</u>

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note A: Summary of Significant Accounting Policies:

Consolidation: The consolidated financial statements include the accounts of American Broadcasting Companies, Inc. and its majority-owned domestic subsidiaries. Substantially all investments in other companies which are at least twenty percent owned are reported at cost plus equity in undistributed earnings. The remaining investments are stated at cost less applicable reserves. All significant intercompany transactions are eliminated in consolidation.

Television and Theatrical Motion Picture Rights, Production Costs and Advances:

Television program rights, production costs and advances primarily represent amounts paid less amortization based on usage for network programs and rental periods for local station programs. Management estimates that a major portion of the costs will be charged to operations within one year and substantially all of the remaining balance in the subsequent year.

Theatrical motion picture costs are stated at the lower of cost or estimated realizable value. Amortization of these costs is based on the estimated flow of income. When it is determinable, based on such estimates, that a motion picture will result in an ultimate loss, the entire loss is reflected immediately.

The composition of inventory values is as follows:

	December 30, 1972	January 1, 1972
Television program rights, production costs and advances	\$ 90,099,000	\$ 83,411,000
Theatrical motion picture costs	25,875,000	42,626,000
Total	\$115,974,000	\$126,037,000

Depreciation: Property and equipment is depreciated principally on a straight-line basis for financial reporting over the estimated useful lives of the various classes of depreciable assets. Properties acquired after 1967 are depreciated on an accelerated basis for tax purposes where permitted and the resulting reduction in current tax liabilities is classified as deferred income taxes.

Leasehold improvements are amortized on a straight-line basis over the period of the lease or over the estimated life of the improvements, whichever is shorter.

Intangibles: Intangibles as shown in the accompanying balance sheets represent the excess of cost over underlying net tangible assets at dates of acquisition of companies, all of which occurred prior to 1970. Such intangibles are currently considered to be of continuing value and, therefore, are not being amortized.

Income Taxes: Income tax expense differs from amounts currently payable because certain items are reported in the statement of consolidated earnings in periods which differ from those in which they are subject to taxation. The principal differences in timing between statement of consolidated earnings and taxable income involve (a) future tax benefits arising from audit and settlement of Federal income taxes through fiscal year 1964, and certain accrued costs deducted from income in the financial statements but deferred for tax purposes, and (b) deferred taxes payable arising from depreciation expense reported on a straight-line basis in the financial statements and on an accelerated basis for tax purposes. Deferred tax items are classified as current or non-current according to the classification of the related asset or liability. At December 30, 1972, net estimated future tax benefits of \$9,499,000 are classified as prepaid expenses and net deferred taxes payable of \$1,974,000 are included in other long-term liabilities in the accompanying balance sheet. Similar amounts at January 1, 1972 were \$5,365,000 and \$908,000, respectively.

Investment tax credits are accounted for on the "flow-through" method.

Pension Plans: The unfunded past service costs of the Company's contributory retirement plans are amortized over a period of thirty years commencing in 1965. It is the Company's policy to fund pension cost accrued.

Note B: Debt: In 1972, the Company's 5% convertible subordinated debentures due July 1, 1993 were called for redemption at 104¼%. Debentures in the amount of \$49,715,000 were tendered for conversion into 1,145,771 shares of common stock at

\$43.33 per share (before the two for one split) and cash in lieu of fractional shares.

	December 30, 1972	January 1, 1972
Debentures:		
5% convertible subordinated debentures	\$ —	\$ 49,969,000
Loans:		
4.55% notes payable semi-annually \$1,625,000 to January 1, 1985 and \$10,750,000 on July 1, 1985.	\$ 49,750,000	\$ 53,000,000
7% subordinated notes less unamortized debt discount of \$3,386,000 with purchase warrants and options expiring January 2, 1982 for the purchase of 833,332 shares of the Company's common stock at a price of \$24 per share. Notes are payable \$2,940,000 on January 1 in each of the years 1976 to 1991 inclusive and the balance on January 1, 1992.	46,614,000	—
Bank loans, secured by motion picture film rights, at prime rate plus ½ of 1% per annum, paid during 1972.	—	23,250,000
Bank loans at prime rate plus ¼ of 1% per annum, paid on February 24, 1972.	—	32,500,000
First leasehold secured note payable in quarterly installments with interest at 7½ % per annum commencing in 1973 and the remaining balance on January 1, 1977.	12,000,000	9,000,000
Other mortgages and loans payable at various interest rates and maturity dates.	343,000	7,482,000
Total loans payable	108,707,000	125,232,000
Less current installments	2,038,000	15,472,000
Total long-term loans payable	\$106,669,000	\$109,760,000

Aggregate maturities of long-term loans payable for the five years subsequent to December 30, 1972 were as follows:

Year	1973	1974	1975	1976	1977
Amount	\$2,038,000	\$3,444,000	\$6,399,000	\$6,415,000	\$6,433,000

Note C: Capital Stock and Capital in Excess of Par Value: The stockholders approved an increase in the number of authorized common shares, par value \$1, from 20,000,000 shares to 30,000,000 shares in May, 1972. On February 12, 1973, the Board of Directors of the Company authorized a two for one stock split to be distributed on or about March 20, 1973 to stockholders of record at the close of business on February 26, 1973. Retroactive effect of the stock split has been reflected in the financial statements.

2,000,000 shares of preferred stock, par value \$1, are authorized but none are outstanding.

The changes in common stock and capital in excess of par value were as follows:

	Common Stock		Capital in Excess of Par Value
	Number of shares	Amount	
Balance at January 2, 1971	7,341,291	\$ 7,341,000	\$ 66,561,000
Options to employees	26,002	26,000	808,000
Conversion of debentures	61	—	3,000
Balance at January 1, 1972	7,367,354	7,367,000	67,372,000
Options to employees	208,159	208,000	7,719,000
Conversion of debentures (Note B)	1,145,771	1,146,000	47,874,000
Issuance of warrants and options (Note B)	—	—	3,628,000
Stock split	8,721,284	8,722,000	(8,722,000)
Balance at December 30, 1972	17,442,568	\$17,443,000	\$117,871,000

There were 499,358 shares of common stock held in Treasury at December 30, 1972 which were purchased at a cost of \$8,722,000 (503,144 shares, cost \$8,803,000 at January 1, 1972), of which 86,248 shares at a cost of \$1,759,000 (59,764 shares, cost \$1,323,000 at January 1, 1972) were classified as an investment held for the purposes of the Key Employees Incentive Compensation Plan. There were 4,058 of such shares distributed in connection with the Plan in 1972 and 3,756 shares in 1971.

Common shares reserved, adjusted for the two for one stock split, at December 30, 1972 and January 1, 1972 are summarized below:

	December 30, 1972	January 1, 1972
Employees' stock options outstanding	899,084	1,145,412
Employees' stock options available for grant	354,926	524,916
Conversion of convertible subordinated debentures	—	2,306,438
Warrants and options	833,332	—
Total common shares reserved	2,087,342	3,976,766

Under the Company's stock option plans, options to purchase shares of common stock may be granted to officers and key employees at a price not less than 100% of the fair market value at the dates of grant. The duration of the option is five years.

When options are exercised, the par value of the shares is credited to common stock and the remainder of the proceeds is credited to capital in excess of par value. No amounts have been reflected as revenue or expense with respect to the granting or exercising of options.

The following table reflects changes in options outstanding adjusted for the two for one stock split:

	Shares	Option prices per share
Outstanding January 2, 1971	1,057,048	\$10.82 to \$28.50
Granted	215,900	14.75 to 26.13
Exercised	(52,004)	10.82 to 23.50
Expired or cancelled	(75,532)	10.82 to 28.50
Outstanding January 1, 1972	1,145,412	10.82 to 26.13
Granted	225,000	26.69 to 39.94
Exercised	(416,318)	10.82 to 25.50
Expired or cancelled	(55,010)	10.82 to 23.50
Outstanding December 30, 1972	899,084	10.82 to 39.94

Of the 899,084 shares outstanding, 287,442 were exercisable at December 30, 1972. The remaining options become exercisable as follows: 298,926 in 1973 and 312,716 in 1974 and later.

In February, 1973 the Company announced that it plans to purchase up to 300,000 shares of its common stock on the open market. It is intended that the treasury shares to be acquired will be utilized for the currently outstanding stock option plans, for future stock option plans, and for possible use in connection with the Key Employees Incentive Compensation Plan.

Note D: Restrictions on Retained Earnings: Under various agreements pertaining to long-term debt, there are certain restrictions regarding the payment of dividends (other than in shares of capital stock of the Company) or the purchase or redemption of capital stock of the Company. At December 30, 1972, approximately \$75,000,000 was not so restricted.

Note E: Provision for Federal Income Taxes: The provision for Federal income taxes includes the following:

	1972	1971
Current provision:		
Taxes currently payable before investment tax credit	\$36,264,000	\$17,162,000
Investment tax credit	(688,000)	(324,000)
	35,576,000	16,838,000
Deferred tax benefits — net	(3,067,000)	(3,138,000)
Total provision	\$32,509,000	\$13,700,000

The Company and its subsidiaries file consolidated Federal income tax returns. The returns of the Company have been examined through fiscal year 1964 and, in the opinion of management, adequate provision for taxes has been made for all open years.

Note F: Employee Benefits: The cost of contributory retirement plans of the Company and certain of its subsidiaries was \$2,174,000 in 1972 and \$2,223,000 in 1971.

Effective January 1, 1973, benefits available to certain employees were increased and as a result it is estimated that 1973 costs will be greater than 1972 costs by approximately 40%.

The actuarially computed value of vested benefits exceeded the total of the retirement funds by approximately \$5,016,000 and \$6,476,000 at December 30, 1972 and January 1, 1972, respectively. The Company is also required to contribute to various union retirement funds under collective bargaining agreements.

A stock investment plan is available to employees for the purchase of the Company's common stock through payroll deductions. The Company contributes an amount equal to 40% of employees contributions, up to a maximum of \$1,000 for each employee per annum. The cost of the plan was \$400,000 in 1972 and \$367,000 in 1971.

Under the Key Employees Incentive Compensation Plan the maximum amount which may be set aside for incentive awards in any year is 4% of the excess of earnings from operations before Federal income taxes, subject to certain adjustments, over \$9,000,000. Only full-time employees of the Company are eligible to receive awards. An employee may elect, prior to the end of any year, whether awards for future years are to be paid in a lump sum or in deferred annual installments, after termination of service, in cash or in the Company's common stock at the Company's option. Deferred awards are subject to forfeiture in whole or in part upon the happening of certain conditions.

The amount charged to expense for incentive awards was \$2,392,000 in 1972 and \$812,000 in 1971.

Note G: Extraordinary Gains (Losses): Extraordinary gains (losses) are summarized as follows:

	1972	1971
Sale of assets and discontinuance of operations		
by a subsidiary company	\$ 343,000	\$(1,339,000)
Foreign currency revaluation	—	(1,900,000)
Sale or disposal of theatres and other properties	(373,000)	187,000
Total	(30,000)	(3,052,000)
Less—net Federal income tax benefits, including additional benefits in 1972 for lower tax basis for properties sold	626,000	1,312,000
Net extraordinary gains (losses)	\$ 596,000	\$(1,740,000)

Note H: Per Share Earnings: Primary earnings per share for the year 1972 have been computed based on the weighted average number of shares outstanding during the year, after giving effect to the two for one stock split of February, 1973. Adjustment has also been made to include shares issued for employee stock options exercised during the year from the beginning of the year, and assuming the exercise of outstanding common stock purchase warrants and options, and employee stock options, as of date of issuance net of shares which could have been purchased from the proceeds at the average market price for the year. Primary earnings per share for 1971 have been computed based on the weighted average number of shares outstanding during the year, adjusted for the two for one stock split; common equivalent shares have not been included as the effect would have resulted in less than 3% dilution. The approximate number of shares used in the computations were 16,967,000 in 1972 and 14,198,000 in 1971.

Fully diluted earnings per share have been computed assuming full conversion of the convertible subordinated debentures as of the beginning of each year (with appropriate adjustment to net earnings for the elimination of interest expense, net of tax effect) and also assuming the inclusion of common equivalent shares, net of shares which could have been purchased from the proceeds based on the market price at the end of the year. Shares used for this computation were 17,465,000 in 1972 and 16,889,000 in 1971.

Note I: Commitments and Contingent Liabilities: The Company is liable under real property leases in effect at December 30, 1972 for minimum annual rentals totaling \$8,233,000 of which \$1,610,000 relates to leases expiring before 1976, \$2,511,000 to leases expiring during 1976-1980, \$1,616,000 to leases expiring during 1981-1990, and \$2,496,000 to those expiring after 1990. Total rent, including rentals based on percentage of revenues, charged to operations in 1972 amounted to \$9,260,000 and \$8,884,000 in 1971.

Under contracts covering rentals of feature films for future telecast, the Company is obligated for payments aggregating approximately \$108,000,000 during the next five years.

There are contingent liabilities under pending litigation including antitrust suits. However, in the opinion of counsel, the Company will not suffer any material liability in connection therewith.

Accountants' Report

The Board of Directors and Stockholders
American Broadcasting Companies, Inc.:

We have examined the consolidated balance sheets of American Broadcasting Companies, Inc. and subsidiaries as of December 30, 1972 and January 1, 1972 and the related statements of earnings, retained earnings and changes in financial position for the respective years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of American Broadcasting Companies, Inc. and subsidiaries at December 30, 1972 and January 1, 1972, and the results of their operations and the changes in financial position for the respective years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

Peat, Marwick, Mitchell & Co.
345 Park Avenue, New York, New York 10022
March 5, 1973

Five Year Financial Summary (Dollars in thousands, except per share amounts)

	1972	1971	1970	1969	1968
Revenues					
Broadcasting	\$637,349	\$528,020	\$523,221	\$507,807	\$454,704
Theatres	105,916	95,887	99,918	94,774	97,627
Records	82,501	87,345	78,074	69,365	49,079
Motion Pictures	14,619	13,320	16,703	18,509	7,683
Publishing and Other	29,064	31,923	30,346	30,469	24,901
	<u>\$869,449</u>	<u>\$756,495</u>	<u>\$748,262</u>	<u>\$720,924</u>	<u>\$633,994</u>
Earnings (Losses) from Operations Before Income Taxes and Extraordinary Items					
Broadcasting	\$ 69,644	\$ 27,477	\$ 26,071	\$ 29,407	\$ 9,728
Theatres	10,444	9,714	10,120	11,892	14,083
Records	1,001	6,418	3,456	4,622	3,873
Motion Pictures	(11,781)	(15,993)	(8,310)	(7,521)	(2,412)
Publishing and Other	5,304	3,980	3,793	1,256	1,708
	<u>\$ 74,612</u>	<u>\$ 31,596</u>	<u>\$ 35,130</u>	<u>\$ 39,656</u>	<u>\$ 26,980</u>
Net Earnings					
Operations	\$ 35,041	\$ 14,940	\$ 15,979	\$ 17,639	\$ 12,679
Extraordinary gains (losses), net	596	(1,740)	818	(878)	3,661
	<u>\$ 35,637</u>	<u>\$ 13,200</u>	<u>\$ 16,797</u>	<u>\$ 16,761</u>	<u>\$ 16,340</u>
Primary Earnings Per Share*					
Operations	\$ 2.06	\$ 1.05	\$ 1.13	\$ 1.22	\$.89
Extraordinary gains (losses), net	.04	(.12)	.06	(.06)	.26
	<u>\$ 2.10</u>	<u>\$.93</u>	<u>\$ 1.19</u>	<u>\$ 1.16</u>	<u>\$ 1.15</u>
Fully Diluted Earnings Per Share*					
Operations	\$ 2.03	\$.96	\$ 1.04	\$ 1.12	\$.85
Extraordinary gains (losses), net	.04	(.10)	.05	(.05)	.23
	<u>\$ 2.07</u>	<u>\$.86</u>	<u>\$ 1.09</u>	<u>\$ 1.07</u>	<u>\$ 1.08</u>
Dividends					
Total	\$ 9,753	\$ 8,519	\$ 8,503	\$ 7,675	\$ 7,581
Per share*	\$.60	\$.60	\$.60	\$.54	\$.54
Financial Position at Year End					
Working capital	\$206,534	\$176,950	\$188,225	\$177,140	\$151,581
Property and equipment, net	151,855	146,925	146,148	133,872	129,024
Total assets	537,031	496,076	479,045	468,419	434,563
Long-term debt	106,669	159,729	177,393	163,101	143,527
Stockholders' equity	264,491	177,515	172,044	163,376	160,286
Number of common shares outstanding at year end*	16,943,210	14,231,564	14,177,806	14,145,590	14,387,190

*Adjusted for the 2 for 1 stock split of February 1973 and a 3 for 2 split in 1969.

Board of Directors

Alger B. Chapman.....	Chairman of the Board of Squibb Corporation
John A. Coleman.....	Senior Partner, Adler, Coleman & Co.
Donald C. Cook.....	Chairman of the Board and Chief Executive Officer of American Electric Power Company, Inc.
Everett H. Erlick.....	Senior Vice President of Corporation
Leonard H. Goldenson..	Chairman of the Board and Chief Executive Officer of Corporation
Robert V. Hansberger..	Chairman of the Board and Chief Executive Officer of Futura Industries Corp.
Jack Hausman.....	Vice-Chairman of the Board and Chairman of Finance Committee of Belding Heminway Company, Inc.
Leon Hess.....	Chairman of the Board and Chief Executive Officer of Amerada Hess Corporation
George P. Jenkins.....	Vice-Chairman of the Board and Chairman of the Finance Committee of Metropolitan Life Insurance Company
Elton H. Rule.....	President and Chief Operating Officer of Corporation
Theodore Schlesinger...	Chairman of the Executive Committee of Allied Stores Corporation
Simon B. Siegel.....	Retired—formerly Executive Vice President of Corporation
Martin J. Schwab.....	President, Treasurer and Chief Financial Officer of United Merchants and Manufacturers, Inc.

Executive Committee

John A. Coleman, Chairman
 Alger B. Chapman
 Leonard H. Goldenson
 Jack Hausman
 George P. Jenkins
 Elton H. Rule
 Theodore Schlesinger
 Simon B. Siegel

Officers

Leonard H. Goldenson..	Chairman of the Board and Chief Executive Officer
Elton H. Rule.....	President and Chief Operating Officer
Everett H. Erlick.....	Senior Vice President and General Counsel
Richard L. Freund.....	Vice President
Jerome B. Golden.....	Vice President and Secretary
Robert T. Goldman.....	Financial Vice President
James C. Hagerty.....	Vice President
Herbert R. Hahn.....	Vice President
Michael P. Mallardi.....	Vice President
Marie J. McWilliams....	Vice President
Ellis O. Moore.....	Vice President
I. Martin Pompadur.....	Vice President
Alfred R. Schneider.....	Vice President
Harry Pape, Jr.....	Treasurer
Warren D. Schaub.....	Comptroller
William E. Pierson.....	Assistant Comptroller
Franklin Feinstein.....	Assistant Secretary

Executive Offices

1330 Avenue of the Americas, New York, N.Y. 10019

Independent Auditors

Peat, Marwick, Mitchell & Co.
 345 Park Avenue, New York, N.Y. 10022

Transfer Agent

Bankers Trust Company
 485 Lexington Avenue, New York, N.Y. 10017

Registrar

The Bank of New York
 48 Wall St., New York, N.Y. 10015

